

TENNESSEE HOUSING DEVELOPMENT AGENCY

PROPOSALS FOR THE HOUSING TRUST FUND

INTRODUCTION

Meeting the housing needs of low-income Tennesseans through partnerships has been a core value of the Tennessee Housing Development Agency since its creation in 1973. THDA is committed to working with local communities and non-profit agencies to make decent, safe and affordable housing available to all residents of the State.

In 2006, the THDA Board of Directors voted to create the Housing Trust Fund to address the housing needs of the very low-income, the elderly and the special needs populations of Tennessee. The Trust fund consists of \$12 million in Agency funds, \$6 million in FY 2007 and \$6 million in FY 2008, and \$1 million appropriated to THDA by the State Legislature in FY 2007. There is also a commitment from the Legislature to provide at least \$350,000 in FY 2008 for the Trust Fund.

The first program under the Housing Trust Fund began January 1, 2007 with the \$2 million Emergency Repair Program for the Elderly operating across the State through the nine Development Districts. In FY 2007 the Housing Trust Fund also includes \$700,000 allocated to the USDA Rural Development for the rural repair program; \$150,000 for the ramp program for disabled persons; and \$150,000 for the THDA Homebuyer Education Reimbursement program. THDA anticipates funding each of these programs at the same levels in FY 2008.

Continuing its tradition of working in partnership to further affordable housing, THDA is seeking proposals for the remaining \$7.3 million (\$4 million in FY 2007 and \$3.3 million in FY 2008) from non-profit organizations, local governments, development districts, human resource agencies, public housing authorities and other departments within State government.

THRESHOLD REQUIREMENTS

There are three threshold requirements for Housing Trust Fund proposals. First, the proposed program must serve the housing needs of the very low-income (below 50% of area median income), special needs, and/or elderly populations. The Trust Fund will use the income limits established by the US Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. The special needs population will be defined as a household composed of one or more persons with a physical, emotional or mental disability. Elderly populations will be defined as households with one or more individuals at least 60 years of age.

Second, proposals must include a 50% match for the Housing Trust Funds. The matching funds can be provided by grants from other agencies; federal sources such as the CDBG program or USDA Rural Development; contributions by local church groups or local agencies; contributions by individuals; bank loans; or a funding pool established by a local lender for the

applicant. Support services required for special needs projects will also qualify as match. THDA HOME grants to communities or non-profit agencies will *not* be an eligible source of the matching funds.

Third, it is one of the goals of the Housing Trust Fund to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing impacts all facets of society including education and community development. To do this, all Housing Trust Fund proposals must include a marketing and public relations component.

PROPOSAL REQUIREMENTS

THDA is seeking creative and innovative housing programs for the Housing Trust Fund. Submissions for funding should be limited only by imagination, availability of matching funds, availability of support services, and a demonstrated need for the proposed project in a given area. Rental projects, homeownership projects and homeowner rehabilitation projects would all be eligible for funding. Innovative proposals might include establishing a revolving loan fund at the local level using the Trust funds; partnerships between agencies providing the housing and agencies providing support services for the elderly or a special needs population; a grant program for homeowner rehabilitation that meets HOME requirements and thus qualifies as the State's HOME match. Proposals should at a minimum include a method to determine eligibility for program beneficiaries, establish property standards, and secure performance by the recipient using a recorded lien on the property for a least a five-year period.

Proposals for funding are not limited to a maximum grant amount. It is expected that the combination of THDA Trust funds and the required matching funds will be sufficient to allow the proposed project to be completed in a timely manner. Proposals with an identified commitment for the matching funds will be more attractive, and those proposals with a commitment for match which exceeds the 50% requirement will be the most attractive.

PROPOSAL SUBMISSION AND EVALUATION

The deadline for submitting Housing Trust Fund proposals to THDA will be February 23, 2007. Proposals will be evaluated by a Review Committee composed of the Deputy Executive Director, the Assistant Executive Director for Policy Development, the Director of Public Affairs, and Community Programs staff. The Review Committee will present its recommendations to the Grants Committee and the Board of Directors for approval at the March 15, 2007 meeting. Successful applicants will have 24 months to complete the project.

Each proposal should include the following:

- Project narrative that demonstrates a complete project design
- Project Budget that reflects all funding sources and uses of funds
- Project Timeline for Completion

- Commitment letter for the matching funds
- A one page explanation of the applicant's experience in housing, particularly in providing housing to very low-income households
- Applicant's most recent audit
- Non-profit applicants must also submit:
 - Copy of Charter and By-laws
 - Current Certificate of Existence
 - Copy of 501(c)(3) designation from the IRS

THDA may request additional information to determine project feasibility. Policies and procedures for projects funded through the Housing Trust Fund will be established as the activities are identified.